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IG- 9888/3

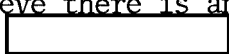
28 September 1976

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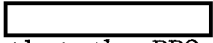
NOTE FOR: DDCI

*Thales*

SUBJECT : IG Report on Counterintelligence

1. You asked if there was anything you should do about the attached report which you had not done already. I don't believe there is any additional action required at this point. From what  has told me of today's EAG meeting, the main thrust of the report is being addressed in that you have stimulated greater attention to counterintelligence in the DDO and the Agency as a whole, and have set in motion efforts to improve counterintelligence training, strengthen the CI Staff, etc. Efforts to coordinate the national counterintelligence effort, a subject only briefly touched on in the report, are also under way, under the aegis of the IC Staff.

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2. The report touches on the question of whether or not the CI Staff's responsibilities should be expanded to include terrorism, international communism, and a liaison watching brief, for example, but makes no recommendations. As the EAG-approved DDO reorganization rejected the expansion of the staff to include these functions, this appears to be a dead issue in any case. Other issues raised, such as how long a CI Staff officer tour should be, what the Staff's production should be, how much time should be expended on  operations, and so on, seem well in hand, or perhaps issues that the DDO should be permitted to handle on his own.

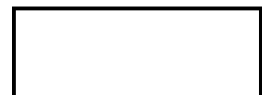
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CENTRAL INTELLIGENCE AGENCY 76-9888/2

9 September 1976

NOTE FOR: Inspector General

John:

In case I haven't connected with you earlier, I can't tell you how invaluable the IG Report on Counterintelligence has proven to be. It shows clearly where past mistakes have been made and begins to point the way to a new and more effective future for our very essential CI work.

In addition to these words, please see the Director's handwritten comments on the first page of your 23 August transmittal memo, attached.

E. H. Knoche
DDCI

Attachment:

ER 76-9888

(transmittal memo of Report only
with DCI Comment)

ORIO - IG

2 - DDCI

1 - ER file

IG

MEMORANDUM FOR:

DCI

• Understand you're looking for some "heavy" weekend reading.

Attached is a fascinating IG report on counterintelligence which is serving me well in taking actions designed to improve CIA's CI effectiveness

Date

9-1/76

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76-2814

Executive Registry

76-9888

23 August 1976

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: John H. Waller
Inspector General

SUBJECT: Transmittal of Special CE Report

1. The attached is, in my opinion, a thoughtful and measured comparative analysis of the so-called "old" and "new" counterespionage/counterintelligence doctrines and philosophies. This analysis was prepared by former inspectors [redacted] re-hired as independent contractors and aided by inspector [redacted]. It is not the product of a regular inspection and should not be considered as such in its handling and dissemination. It was done at the request of the former DDO (Nelson) because of allegations by former senior officers that CIA had emasculated its counterintelligence program. I am sending copies only to you and the DDO. The Chief of the CI Staff has also seen the report in its final draft.

2. It is unfortunate that the propagation of the "old thesis" by two or three of the old practitioners in hearings before the Senate Select Committee was responsible for making CE doctrine an issue, and for casting a shadow on the efficacy of the new approach which CIA is using today. In fact, the old doctrine, as you will read, was debilitating to CE and provided an atmosphere in which wrong conclusions and personal injustices were perpetrated.

3. The question arises as to how to avoid getting ourselves in a comparable situation again. Perhaps no system can wholly guard against individual misjudgement or managerial laxity. But surely we can learn a few lessons from this analysis, such as:

- a. No responsible key component chief -- such as the Chief of the CI Staff -- should remain too long in the same position. Long entrenchment leads to biased judgements and an inability to change with the times.

(EXECUTIVE REGISTRY FILE)

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b. Operational doctrine should not be the product of one man but the results of a collegial effort within the DDO.

c. The criteria on which valid CE targets are established should be consistent with the times and should be more carefully defined by the DDO.

d. In cases where there is evidence impugning the loyalty of an Agency employee from a CE point of view, the case should be quickly coordinated with the Office of Security and, if serious, investigated by the FBI. An unqualified clean bill of health should be given if the evidence proves fallacious or mischievous.

4. Of greater significance, however, is the conclusion that the critically important U.S. counterintelligence effort -- for which CIA bears an important part of the responsibility -- has not in the past measured up to national needs.

[Redacted Signature]

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John H. Waller

Attachment - 1

cc: DDO w/att

CIA and Counterintelligence
A Special Report

August 1976

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INSPECTOR GENERAL

76-2814

Executive Registry

76-9888

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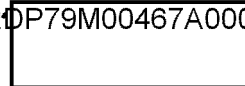
John H. Waller

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Attachment - 1

cc: DDO w/att

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CIA and Counterintelligence

A Special Report

August 1976

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This study, prepared at the request of the DDO, looks into charges made by representatives of the "old" CI Staff (1954-1974) that the "new" CI Staff (since 1975) was uninformed and inexperienced (and thus incompetent) in the vital field of counterintelligence.

To make any meaningful comparisons, it was necessary to examine the old CI Staff as well as the new. In the process, the old Staff did not fare too well, while the new Staff came off better than might have been expected. The new Staff is finding its way and, despite inherited and inherent problems, is evidently making good progress.

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MEMORANDUM FOR: Inspector General

SUBJECT : Special CI Study

1. This memorandum sets forth our understanding of the nature and scope of the special CI study which the undersigned have been asked to make in collaboration with [] of your staff.

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2. Since the reorganization of the CI Staff in 1973 and subsequent changes in CI Staff personnel, strong exception has been taken in several forums, inside and outside of CIA, to the current orientation and management of the Agency's counterintelligence effort. In the light of such charges, the then DDO (Mr. William Nelson) requested that an impartial examination be conducted to assess their validity.

3. As we see our task, it is to examine the philosophy and direction which for many years guided the Agency's counterintelligence program under the old regime (Jim Angleton), to compare the approach being taken under the new CI management [], and to reach conclusions, where appropriate, as to their relative merits. In so doing we expect to consider such factors as missions and roles, operating philosophy, leadership (organization/structure), caliber of personnel, morale, experience and training, intra-Agency influence and interface, and external relations with organizations like the FBI and cooperating foreign intelligence and security services.

4. In making as objective an examination as possible, we are adopting a procedure based on (a) considerable reading of relevant materials and (b) extensive interviews with present and former CIA employees, inside and outside the CI Staff. In addition, we plan to talk with several present and former senior FBI officials. We do not propose to meet with representatives of other U.S. Government agencies, or with foreign intelligence or security service representatives.

5. We envisage a relatively brief report, augmented as necessary by individual annexes. As things stand, we expect to have our report completed by July 19, 1976, and possibly earlier.

6. It is our understanding that our report is not to contain recommendations as such. However, if our findings are to be of practical value, we feel that careful consideration should be given to any recommendations which may be clearly implicit in them.

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7. Although our inquiry does not approximate that of a traditional component survey, our work should prove of some value to the next IG team to inspect the CI Staff. While concentrating on our primary objective, we are not unmindful of potentially useful by-products.

8. Your approval of this memorandum of understanding will be indicated by your signature below.

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APPROVED:



Donald F. Chamberlain
Inspector General

28 May 1976
Date

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INSPECTOR GENERAL
76-2814
Executive Registry
76-9888

23 August 1976

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FROM: John H. Waller
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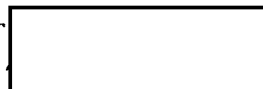
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John H. Walter

Attachment - 1

cc: DDO w/att

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A Special Report

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August 1976

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